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SIPDIS

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TAGS: [ETTC](#) [ENRG](#) [EPET](#) [PREL](#) [IR](#) [SP](#)

SUBJECT: ILSA RESPONSE FROM REPSOL IS BUSINESS AS USUAL

REF: A. SECSTATE 222831

[B](#). SECSTATE 204528

[C](#). 2003 MADRID 4423

[1](#)1. (SBU) We spoke with Mario B. Rosso, Director General of the Eastern Hemisphere and Caribbean for REPSOL-YPF (Repsol) about Reftel A and B points.

[1](#)2. (SBU) Rosso was well-prepared to handle the topic, explaining that the framework agreement noted in Reftel B was only "investigative," and that several years will pass before any final investment decision would be made. He said that Repsol "will judge at the appropriate moment" details regarding any final agreement.

[1](#)3. (SBU) Rosso acknowledged that Repsol, as noted in Reftel A, has arranged to explore areas in the Persian Gulf, but that the Iranians and the media have blown the magnitude of the project "immensely" out of proportion because Repsol has the option to walk out of the project on "almost any day."

[1](#)4. (SBU) In justifying Repsol,s activities in Iran, Rosso said that Repsol personnel are behaving as "good citizens" He also alluded to a point he underscored in our December 2003 meeting with him (see Reftel C) in which he informed us that US oil companies were negotiating in Libya, preparing for the day when they operate there. During that 2003 meeting, Rosso asserted that Repsol must prepare to compete with US companies when the US doors open to Libya. During our latest meeting with Rosso, he said "who knows in two years what might happen?" As with Libya in 2003, he feels that he must prepare for future US competition in Iran.

[1](#)5. (SBU) Comment: As always, Rosso appeared to be well aware of the Iran Libya Sanctions Act (ILSA) and that his company most likely will not feel any negative impact from this law. He is keenly aware of the competitive nature of his industry, and anticipates that US companies will compete fiercely with Repsol in Iran upon any future lifting of ILSA sanctions pertaining to Iran.

ARGYROS